

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/2):**

**BUTTER:** Grade AA closed at \$1.3025. The weekly average for Grade AA is \$1.3308 (+.0350).

**CHEESE:** Barrels closed at \$1.1500 and blocks at \$1.1050. The weekly average for barrels is \$1.1300 (+.0380) and blocks, \$1.1010 (-.0100).

**NONFAT DRY MILK:** Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

**BUTTER:** The butter market remains unsettled. For many producers and handlers, the cash price is higher than desired for this time of the year for storage. Some producers are hesitant to build stocks and are selling their cream, while others are churning and putting their surplus away for use later in the year. Demand for bulk and print butter is fair and generally for replacement needs.

**CHEESE:** The cheese market is unsettled, firm on barrels and steady to weak on blocks. The barrel firmness is aided by food service promotions. Natural interest is steady to slower as many buyers limit order to short term needs. On January 30, CCC announced the purchase of a minimum of 3.5 million pounds of mozzarella for March through June delivery.

**FLUID MILK:** Milk production patterns across the country are steady to increasing seasonally. The strongest gains are being reported in the Southeast, typical for this time of the year. In New Mexico, Arizona, and the Northwest, winter weather conditions prevail and potentially are impacting milk volumes. Milk production is increasing in Florida to the point that supply exceeds demand and milk is moving out of state to other nearby states. At this point in all areas of the country, surplus milk volumes are being processed within close proximity of its' production. The fluid cream market is steady to firm. Demand remains mixed with cream moving from one area to another for processing. Prices are higher following the recent increases at the CME. Some of the firmer pricing is being offset by slightly lower multiples. Churning activity across the country is seasonally moderate. Ice cream production is seasonal, but with fat costs as high as they are, some makers are not as aggressively building stocks as they might normally be at this time of the year.

**DRY PRODUCTS:** Dry dairy product markets are generally steady with prices basically unchanged with slight increases and decreases being noted across the country. The NDM market is generally steady, although there is some unsettledness to the market. Milk volumes are sufficient to the point that production schedules vary from light to moderate in the East, mixed in the Midwest with some plants diverting milk away from fluid channels in order to ensure adequate stocks for the balance of the quarter, to heavy in the West with surplus NDM being offered to CCC. Buttermilk powder markets are generally steady although a weaker tone is developing in the Central part of the country. Stocks are reported to be in balance for most needs with stocks starting to build in the Midwest. Whey protein markets are firm. Spot movement is slow to fair with most producers unable to satisfy current interest.

**CCC:** During the week of January 29 - February 2, CCC net purchases totaled 12,191,133 pounds of nonfortified NDM and 891,535 pounds of fortified NDM. Most purchases, except 257,915 pounds of nonfortified from the Midwest, were from the West. Also during the week, 39,600 pounds of Midwestern process cheese were offered to CCC, while 42,830 pounds of previously offered Western barrel cheese were cancelled.

**USDA ENJOINED FROM IMPLEMENTING CLASS III BUTTERFAT**

**PRICE:** U.S. District Court Judge Royce C. Lamberth enjoined USDA from implementing portions of the interim final amendments to Federal milk orders that became effective January 1, 2001. The Judge's order restores the butterfat and protein price formulas that were implemented under Federal order reform on January 1, 2000, with the following changes:

-In the protein formula, incorporate the 16.5-cent make allowance for cheese and the 38% moisture adjustment for 500 pound barrel cheese adopted in the January 1, 2001, interim final amendments.

-In the butterfat formula, incorporate the 11.5-cent make allowance for butter adopted in the January 1, 2001, amendments in formula for calculating the butterfat price applicable to both Class III and Class IV.

-The order also incorporates the January 1, 2001, nonfat solids and other solids price formulas, based on the values of these components in nonfat dry milk and dry whey. Advance Class I and II price components for milk marketed on or after March 1, 2001, will be computed using the component price formulas in the Judge's order and the procedure used for 2000 prices.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the January 2001 prices under the Federal Milk Order pricing system, compared to the previous month: Class II \$12.82 (down \$1.15); Class III \$9.99 (up \$.62); and Class IV \$12.13, (down \$1.14). Product price averages used in computing Class prices are: butter \$1.1725, NDM \$1.0165, cheese \$1.1180, and dry whey \$.2484. The Class II butterfat price is \$1.2966 and the Class III/IV butterfat price is \$1.2896. Further information may be found at: [www.ams.usda.gov/dairy/mib/classprcncmt.pdf](http://www.ams.usda.gov/dairy/mib/classprcncmt.pdf)

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during January - November 2000 totals 155.6 billion pounds, up 2.8% from the same months in 1999. Comparing disappearance levels: butter is up 1.9%; American cheese, an increase of 2.1%; other cheese, up 5.5%; NDM is down 5.6%; and fluid milk products off 0.6%.

**CONSUMER PRICE INDEX (BLS):** The December 2000 CPI for all food is 170.0, an increase of 2.8% from December 1999. The dairy products index at 161.5, is down 0.4% from a year ago. The following are the year to year changes for selected products: fresh whole milk is 0.9% higher, cheese is down 2.5%, and butter is 12.4% higher.

**JANUARY AGRICULTURAL PRICES (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2001 was unchanged at 122. Compared with January 2000, the index was up 4 points (3.4%). The index of prices received by farmers for dairy products advanced 3 points during the month of January 2001 to 103. Compared with January 2000, the index was up 11 points (12.0%). Prices received by farmers in January with changes from December were: for All Milk, \$13.50 per cwt., up \$.40; for Fluid Milk, \$13.50, up \$.40; and for Manufacturing Grade Milk, \$10.90, up \$.10.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 29	TUESDAY JANUARY 30	WEDNESDAY JANUARY 31	THURSDAY FEBRUARY 1	FRIDAY FEBRUARY 2	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1100 (+.0100)	\$1.1200 (+.0100)	\$1.1300 (+.0100)	\$1.1400 (+.0100)	\$1.1500 (+.0100)	(+.0500)	\$1.1300 (+.0380)
40# BLOCKS	\$1.1100 (-.0050)	\$1.1000 (-.0100)	\$1.0900 (-.0100)	\$1.1000 (+.0100)	\$1.1050 (+.0050)	(-.0100)	\$1.1010 (-.0100)
BUTTER GRADE AA	\$1.3400 (+.0525)	----	\$1.3500 (+.0100)	----	\$1.3025 (-.0475)	(+.0150)	\$1.3308 (+.0350)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM) (NOTE: The NDM daily/weekly prices are no longer reported here. Extra Grade and Grade A prices are \$1.0300. They last changed 9/1999. NDM information remains available at the above internet address.)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, JANUARY 29, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1100; OFFERS UNCOVERED: 4 CARS 40# BLOCKS: 1 @ \$1.1100, 1 @ \$1.1125, 2 @ \$1.1150

BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$1.3300, 2 @ \$1.3325, 1 @ \$1.3425, 1 @ \$1.3500, 2 @ \$1.3400; BIDS UNFILLED: 11 CARS GRADE AA: 1 @ \$1.3200, 1 @ \$1.3100, 1 @ \$1.3000, 1 @ \$1.2900, 1 @ \$1.2875, 1 @ \$1.2775, 1 @ \$1.2750, 2 @ \$1.2400, 2 @ \$1.1600; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.3400, 1 @ \$1.3450, 1 @ \$1.3500, 2 @ \$1.3600

TUESDAY, JANUARY 30, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1200; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1000, 2 @ \$1.1100

WEDNESDAY, JANUARY 31, 2001

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1175, 1 @ \$1.0850, 1 @ \$1.1000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1300; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.1000, 1 @ \$1.1050, 1 @ \$1.1100, 1 @ \$1.1175

BUTTER -- SALES: 1 CAR GRADE AA @ \$1.3500; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.3300, 1 @ \$1.3000; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.4000

THURSDAY, FEBRUARY 1, 2001

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1050; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1400; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ \$1.1000, 1 @ \$1.1100, 1 @ \$1.1125, 1 @ \$1.1200, 1 @ \$1.1300

FRIDAY, FEBRUARY 2, 2001

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1200, 1 @ \$1.1100, 1 @ \$1.1050; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1500; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1175, 1 @ \$1.1200, 1 @ \$1.1300

BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$1.3200, 1 @ \$1.3100, 1 @ \$1.3050; BIDS UNFILLED: 4 CARS GRADE AA @ \$1.2500; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.3025, 1 @ \$1.3400, 2 @ \$1.3500

Dairy Market News will resume reporting of CME nonfat dry milk sales, bids, and offers, should trading activity occur.

**BUTTER MARKETS****NORTHEAST**

The market tone remains unsettled. At the CME, butter prices have increased and decreased rather sharply during the past four trading sessions (including 1/29). Why prices are moving in such big swings is unclear to many contacts. Most expected prices to be lower at this time of year when production is often increasing and demand subsides. This year, output is increasing and demand is reported as slow to fair, but some contacts wonder why prices are moving higher under these supply/demand conditions. Eastern output is up at some plants while others are trying to sell all their cream. Midwestern butter makers are taking a good portion of the excess cream volume in the Northeast. Butter stocks are building at those operations that are churning. However, many of them would rather build stocks at lower prices. Demand for bulk and print butter is fair and generally for replacement volumes. Retail sales are slow to fair unless featured. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

**CENTRAL**

Midwestern butter markets remain unsettled. Producers, handlers, and buyers continue to sort through what is happening with the cash trading level at the CME. Many feel that the current level (\$1.35 at midweek) is too high for this time of the year. Churning schedules are reported to be seasonally active. Cream supplies are readily available for most butter operations with offerings from outside sources continuing to be made available to Midwest butter operations. Current churning schedules continue to generate more butter than current demand requires, thus the

surplus is being stored at this time. There are mixed opinions on inventorying butter at current price levels. Some continue to state that prices are too high, while others feel that current price levels might be higher than desired, but at least they will have stock for use later in the year. Some butter producers and handlers are uneasy with where butter inventories will be later in the year and are acquiring and/or generating as much butter as they can at this time. Current demand is fair. Bulk butter is available for spot sale with prices ranging from 1 to 3 cents over various pricing bases.

**WEST**

Most contacts still view the cash butter market as volatile, but they have returned to their peak level of the new year. Buyers are unsure if they want to store bulk butter at \$1.35 in January. Regular account print sales are good. Cream offerings and demand are quite mixed. Some firms are not sure if they should be selling cream or churn it and what the best sales outlet might be. Energy costs remain a big concern, but availability is less of a problem this week. Weekly CME storage stocks grew by 5.5 million pounds this past week and now stand at 34.7 million pounds. Stocks have built 25.0 million pounds so far in 2001. Last year at this time stocks had reached 47.6 million pounds. Current prices for bulk butter nominally range from 4 cents under to flat market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

<u>WEEK ENDING</u>	CHEESE	BARRELS	NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE			
JANUARY 27	1.0798 6,782,814	1.0877 7,288,961	1.0148 21,535,211	1.2357 4,813,912	0.2546 6,083,696

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are generally higher and the market tone is unsettled. At the CME, cheese prices have been steady to higher in the past week. Cheese output in the Northeast is steady to lighter as milk supplies are tighter than anticipated. Some cheese plants have had to reduce operating schedules to accommodate the lower milk receipts. Conversely, NASS' recent *Cold Storage* report shows December's cheese holdings as heavier than both year ago and month ago totals. Cheddar cheese makers report sales as slow to fair, but mozzarella continues to clear satisfactorily. Retail and food service sales typically slow after the Super Bowl, but we will wait to assess what the impact the "end of the season" will have on current demand.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1550-1.6250
Cheddar Single Daisies	:	1.1125-1.5725
Cheddar 40# Block	:	1.2525-1.4325
Process 5# Loaf	:	1.3025-1.4750
Process 5# Sliced	:	1.3225-1.5775
Muenster	:	1.3150-1.5225
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market is irregular. Barrels are firmer, at least in the short term, and unsettled on blocks, especially 40# blocks. Recent food service promotions are stimulating process sales. The extra demand is causing a tightening in barrel and processing solid supplies, helping to strengthen the barrel market. Many buyers are purchasing on an as needed basis with little interest in building additional inventory. Few, if any, cutters need overtime to fill orders. Mozzarella interest remains good with some tightness continuing. On January 30, CCC announced the additional purchase of at least 3.5 million pounds of mozzarella for March through June delivery. Cheese production is relatively steady as declines in plant milk receipts are at least partially offset by lighter Class I fluid use.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3125-1.5000
Brick And/Or Muenster 5#	:	1.4300-1.7075
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6400-2.1150
Blue 5#	:	1.8525-2.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4500-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0450-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 29 - FEBRUARY 2, 2001
BARRELS*	:	\$1.0925 - 1.1400 (NOMINAL)
	:	(\$ .0125) (.0400)
40# BLOCKS	:	\$1.0900 - 1.1400 (NOMINAL)
	:	(\$ .0025) (.0225)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Swiss prices are holding steady while natural and process continue to increase slowly. There was no cheese price support activity last week. Aged cheese supplies and offerings are heavier than expected for this time of year. Sales activity during the fourth quarter was fair, but not good enough to clear out the heavy stocks on hand. Quite a bit of the cheese is ten months old or older and may be reaching the end of its useful aging cycle. Current block sales activity is about steady. Processors are aggressively looking for additional processing solids. The demand is strong enough that prices are being forced up. Swiss cheese supply and demand seem to be in a balanced situation. Mozzarella sales are very good with some plants stating that demand is outpacing supplies.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2450-1.5050
Cheddar 40# Block	:	1.2350-1.3750
Cheddar 10# Cuts	:	1.4150-1.6350
Monterey Jack 10#	:	1.4250-1.5850
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5100

## FOREIGN

Prices for domestically made cheese are higher again this week. Supplies are about adequate to cover the slow to fair demand. Reports out of Europe estimate that EU cheese output during 2001 will increase. However, despite the projected increase, markets for many types of cheese remain good and prices are expected to increase. During the first nine months of 2000, EU cheese output at 4.75 million tons is up 4.5% from the same period in 1999. Cheese is the only dairy product, including liquid/bottled milk, to post a gain in production over year earlier figures.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

NEW YORK		
VARIETY	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4575-2.9525*
Gorgonzola	: 3.2400-5.9400	: 2.0075-2.4900*
Parmesan (Italy)	: TFEWR	: 2.8725-2.8975*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4650-1.7425*
Romano (Cows Milk)	: -0-	: 2.6475-4.8225*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE		
01/29/01	17,003	: 132,786
01/01/01	7,758	: 133,996
CHANGE	9,245	: -1,210
% CHANGE	119	: -1

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	48	0	93	0	5
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is steady to slightly higher in the East. Most gains in output are in the Southeast while the milk flow in the Northeast is holding about steady. Last week's cooler weather in Florida and the rest of the Southeast is credited with the slight jump in the milk flow. In the Northeast, poor quality feed, low milk prices, and loss of producers are cited for the steady to lower milk output. Fluid milk volumes are ample for Class I needs, but surplus milk volumes are light in much of the region. Bottled milk sales are a little slower this week and canceled loads are welcomed at most manufacturing facilities. Florida handlers shipped milk out this week and expect increased volumes in the weeks to come. Handlers in other Southeastern states are easily clearing Florida's loads and they are not getting any spot milk from other states. The condensed skim market is unchanged. Prices for Class III are up slightly, but few spot sales are being reported. Demand is fair to good, particularly for Class II wet solids. Some suppliers would rather make NDM rather than sell the condensed. Conversely, others want to move the solids as a liquid rather than dry due to the high cost of natural gas. The fluid cream market is steady to weaker this week. Offerings are heavier and there is excess cream to clear. Prices, however, are higher following the increases in the CME butter price. Demand is slow to fair for Class II needs. The increasing butter price is, to a degree, being off set by slightly lower multiples. New on the marketing scene is the start up of an Internet marketing site for cream and other fluid products. The founding members are making sales and purchases via this media and new participants will be allowed in the near future. To many, this may be the wave of the future while others are skeptical that buying and selling on the web does not readily lend itself to liquid products. Cream cheese output is about steady, but there is continued concern regarding Class III fat values. A suit to stay the implementation of the tentative decision is being heard this week. Ice cream production is seasonal, but with fat costs as high as they are, some makers are not as aggressively building stocks as they might normally be at this time of year. Production of UHT cream is increasing at some plants. Churning activity is moderate.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5550-1.7493
DELIVERED EQUIVALENT ATLANTA	-	1.5550-1.7623 M 1.6068-1.6586
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7105-1.7623

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0800-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .7500-.9600

## M I D W E S T

The judicial ruling on the new Class III price formula has caused some additional uncertainty about results of the new formula used to determine milk prices, especially the first, scheduled to be released on February 2. The Class III butterfat price will be the same as Class IV. Class I demand was still sluggish early in the week, though by midweek, orders for the weekend and/or the first of the month were improving for more bottlers. Some retail features were being planned for early in February. Manufacturing milk demand is still good for the limited supplies. Manufacturing milk spot premiums are holding in the \$1.50 - 2.20 over class area on a light test. Milk supplies remain tight. Shipments into other orders were lighter with 19 loads of Wisconsin milk direct shipped to Missouri along with 4 loads to Kentucky and 21 to Tennessee and pooled under other federal orders. Cream prices are higher, reflecting an increase in

the weekly average cash butter price at the Chicago Mercantile Exchange. Milk intakes are showing a more consistent and noticeable increase in the mid-tier of Midwestern states. Milk receipts in the northern tier of states are irregular, from continuing to decline to unchanged to just slightly higher. Many plant operators are becoming increasingly concerned about milk availability by fall due to additional sellouts and other factors. Travel conditions, rain and in instances slick conditions, did not cause major problems for truckers.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 46.00	\$ 37.00- 42.75
REPLACEMENT HEIFER CALVES	\$260.00-325.00	\$280.00-330.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 49.00	\$ 31.00- 44.00

## W E S T

December pool receipts of milk in California total 2.670 billion pounds, 3.0% higher than last year. Cumulative pool output for calendar year 2000 totaled 31.577 billion pounds (unadjusted for extra day in February 2000), up 6.0% from 1999. The December blend price, at a fat test of 3.71%, is \$12.08, 28 cents higher than November and 94 cents higher than December 1999. The percentage of receipts used in Class I products is 19.72%. The December quota price is \$12.98 and the base and overbase prices are \$11.28. These prices are 29 cents higher than last month and 82 cents higher than December 1999. California milk production is holding mostly steady at levels generally flat to only a couple of percentage points higher than a year ago at this time. Processors are generally able to handle milk supplies at this time and it appears that they are able to process all the milk that they have. Although stage three power alerts continue to be in effect, dairy plants are not being affected as severely as before. There are details developing that the interruptible plants may not face fines nor as severe of interruptions as experienced in December and January. This could alleviate a lot of headaches. Weather has been seasonally cool and wet over large areas of California. Few problems are being seen, but production is being held in check. Cream demand remains good and cream is moving to out of region interests. Multiples continue in the wide 115 to 135 range FOB. New Mexico production is fair to good, but concerns remain that production is not moving higher. Snow and cold hit much of the production areas of the state, but effects are still being assessed. Feed availability and pricing are still favorable to the dairy producer. Milk prices are not. Arizona production is still being impacted by recent winter weather conditions. Milk is generally staying locally to be processed. Class I demand is good and additional supplies are being sought. U.S. hay stocks on December 1 were 4.5% below levels of one year earlier. Stocks for selected Western states compared to last year are as follows: Arizona +9.8%, California -14.5%, Colorado -38.9%, Idaho -8.3%, Oregon -21.3%, Utah -12.3%, and Washington -5.4%. Winter weather patterns will decide if these levels of stocks will impact the milk flow. Some winter storms are expected to hit the Pacific Northwest over the next week. There is the potential for heavy rain and snow. The snow pack remains below 50% over most of the region. Articles are appearing in print about the possibility of limited power supplies this summer and short water supplies for irrigation. Contacts are concerned how this may impact dairy production into the summer season. Hay supplies are tight, but grain prices are weakening. Manufacturing plants are concerned about what may be the best outlet for cream at this time. Normal winter patterns are the rule over most of Utah and Idaho. Conditions are not impacting milk output too adversely. Some areas have noted more producers leaving the business after the first of the year and others report reduced production per cow. Most manufacturing plants continue to operate on reduced seasonal schedules. Some of these plants are looking for additional milk supplies while others see that their needs are in close balance. Heifer prices remain firm and supplies are limited. Culling rates are light, but cull cow prices are increasing.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 02/01/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are unchanged and the market tone is generally steady to weak. Milk production is mostly unchanged to slightly higher. Some plants are diverting milk supplies away from fluid channels in order to ensure adequate NDM stocks for the remainder of the quarter. At other locations, milk supplies are adequate and NDM inventories are building. Movement into the CCC continues. Competition from the West coast is encouraging some manufacturers to offer at lower prices. High heat supplies are in balance to tight at steady prices. Supplies of standard grade NDM are limited with WPC being traded as a competitive substitute.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0600 MOSTLY: 1.0275 - 1.0325

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower on a steady to weak market. Most trading continues to occur between .9800 and 1.0000 FOB. Supplies are mixed. Some plants are in good balance while others are building stocks. Brand specific product tends to trade at the higher end of the range. Movement is generally slow with buyer price resistance noted. Demand is best into seasonings and mixes. Production is unchanged to higher as churning activity seasonally increases.

BUTTERMILK: .9600 - 1.0700

**DRY WHEY - CENTRAL**

Prices are unchanged on a steady to weak market. While most manufacturers are generally holding prices steady, resellers are offering at prices 1/4-1/2 cents below the average. Offerings are fully adequate. Production and inventories are unchanged to higher. Demand is slower than in previous weeks. Buyers are purchasing product on an as needed basis with some resistance noted as prices are anticipated to move lower. Condensed supplies are mostly in balance. Off grade supplies remain tight for the good feed interest.

NONHYGROSCOPIC: .2500 - .2850 MOSTLY: .2650 - .2750

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a generally steady market. Milk replacer supplies are tight and movement is slow. Buyers feel prices are too high, yet prices are seemingly non-negotiable because of the limited supplies. Roller ground prices continue to adjust to the Extra Grade market. Buyer resistance may deter any further price increases. Delactose demand is strong. Shortages in the WPC market continue to encourage feed buyers to search for less expensive alternatives like delactose. Supplies are mostly in balance and production is generally steady. The December 2000 U.S. pig crop at 8.35 million head, was 3% more than the previous year. Sows farrowing during this period totaled 940 thousand head, 2% above last year. Current hog and veal markets are trending steady to firm.

MILK REPLACER: .2000 - .2600  
ROLLER GROUND: .2550 - .2800  
DELACTOSE (Min. 20% protein): .4150 - .4300

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to higher and the market tone is steady to firm. Increased interest from the EU, Japan, China, Taiwan, Korea, Mexico, and New Zealand is alleviating any excess supplies in the market. Most producer stocks are in good balance to somewhat tight. Some new yearly contracts are being finalized at premium prices. Brokers are looking for supplies to market. Lactose use in milk standardization is increasing. Demand is best on the higher mesh sizes, especially 100 and 200 mesh. Lactose 200 mesh is trading higher at .2100 - .2250 FOB. Lactose 30 mesh is in better balance compared to last week. Off grade supplies are adequate with some trades occurring at the bottom of the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2150 MOSTLY: .1625 - .1725

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to higher on a firm market. Resellers are attempting to gain substantial premiums on WPC at prices 4-8 cents over the average. Manufacturers are less aggressive and trading at 1/2-3 cents over the average. WPC remains an attractive substitute for NDM. Power outages in the West are now showing an impact on WPC supplies. Shipments moving to the Central region are short of contractual needs. Spot movement is slow to fair with most producers unable to satisfy current interest. Condensed supplies are in balance to tight. Some dryers are being shorted regular loads of condensed. Off grade supplies are available at varying specifications and prices for the good demand.

EXTRA GRADE 34% PROTEIN: .7700 - .8000 MOSTLY: .7700 - .7900

**NONFAT DRY MILK - WEST**

Low/medium heat prices are holding steady, although there is some unsettledness to the market tone. The lowering of the support price, although slight, will have an impact on prices and processors' income. DEIP orders are developing at prices within the current range for both low and medium heat powder. Processing was a little easier this week as power disruptions were not as big a factor as in recent weeks. Costs of electricity and natural gas are still high and affecting bottom lines of processors. Spot demand is fair at best and continues to shift more to resale channels. High heat prices are unchanged. The market is seasonally good. Supplies are light and some producers would like to make more to fill orders. For the week of January 22 - 26, CCC net purchases totaled 14.1 million pounds of nonfortified and 1.9 million pounds of fortified NDM, all from the West except for 257,917 pounds of nonfortified from the Midwest. The higher offerings appear to be producers clearing stocks ahead of the support price drop to 1.0032 effective February 1.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9950 - 1.0300 MOSTLY: 1.0050 - 1.0150

HIGH HEAT: 1.0400 - 1.0850

**DRY BUTTERMILK - WEST**

Pricing levels and the market tone are fully steady. Production remains mixed in the region due to drying costs and the supplies of butter being made. Sales of condensed are still good. Buyers are finding more offerings available, but often not at prices that will work for them or their customers. Stock levels remain light.

BUTTERMILK: .9700 - 1.0300 MOSTLY: .9800 - .9900

**DRY WHEY - WEST**

Western whey prices range from steady to fractionally higher. More contacts are noting the narrowing spread between the Western and Central prices. Western markets remain balanced. Offerings continue to clear easily and some buyers are paying over the market average. Production is about steady. Shipments to the Far East are still a little slower because of the Chinese New Year.

NONHYGROSCOPIC: .2200 - .2700 MOSTLY: .2300 - .2425

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
January 26	\$1.0095	16,334,763
January 19	\$1.0127	12,545,226

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are about steady to fractionally higher and lower within the range in the Northeast. The prices in the Southeast are generally unchanged. The market tone is unchanged. Production levels are light to moderate. Continued good demand for condensed skim is keeping schedules light. Also, the high cost of fuel (natural gas) is affecting decisions whether or not to dry. Some operations are eager to make more NDM, particularly high heat, as their current stocks are very light. Other Eastern producers are clearing their skim as condensed and are not drying. Demand for NDM is about steady, but purchasing patterns have changed since the national marketing agency in common implemented their price system on January 1. Fewer spot purchases at the producing plants are being reported.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0325 - 1.0850 MOSTLY: 1.0350 - 1.0600  
HIGH HEAT: 1.0625 - 1.1300 MOSTLY: 1.0675 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.1500

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and remain nominal. The market tone is steady, but as churning activity picks up, more dry buttermilk may be available. Current offerings are light and easily cleared. Demand is steady and generally in the fair to good range. Local producer stocks are closely balanced.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0100 - 1.1000

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to lower and the market tone is mostly steady. Production levels are light and generally geared towards filling contracts. Some Western producers are being affected by the electrical problems currently affecting California. Spot demand is slow to fair. There are reports that imported whole milk powder is available below current U.S. prices.

F.O.B. PRODUCING PLANT: 1.2000 - 1.4400

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2000 THROUGH JANUARY 26, 2001  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 29,963 MT (66,056,643 LBS)  
CHANGE -- 834 MT (1,838,636 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)  
This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady and nominal. The market tone remains firm, but more contacts feel that some of "the edge" is coming off the market. However, in the East, production is lighter than anticipated due to the tight supply of surplus milk currently plaguing the East. Some cheese makers are operating only five or six days a week. Other plants are running daily, but the volumes processed each day is below desired levels. Dry whey stocks are light and most Eastern producers are sold out and if they take orders, it is for delivery in 2-3 weeks. Most report that they have contracts which are taking all their current production. Demand is fair to good, but buyers are exhibiting more price resistance to the current prices.

F.O.B. NORTHEAST: EXTRA GRADE .2700 - .2800

USPH GRADE A .2725 - .2850

DELVD SOUTHEAST: .3000 - .3200

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Demand is slow to fair and typical for this time of year. Producers are replenishing inventories. Although production is only moderate, it does outpace current demand. Some electrical disruptions in California plants have not affected output too much.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

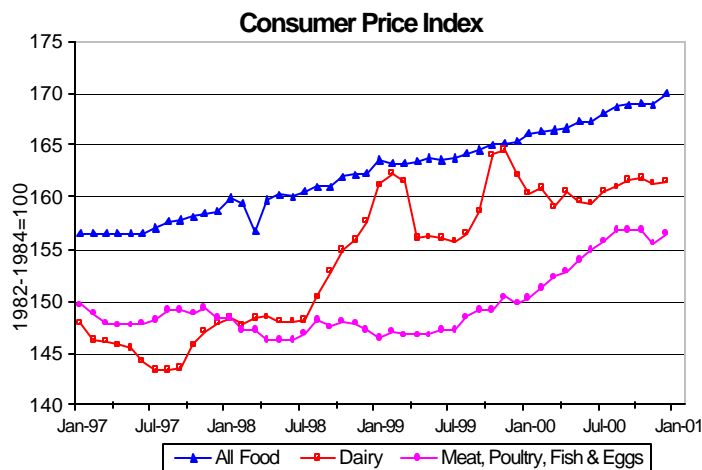
**CASEIN - NATIONAL**

Casein markets remain firm with prices unchanged to slightly higher. The casein supply situation is much the same as it has been for the past few months. Stocks from the Oceania region are arriving as scheduled, although additional volumes are virtually nonexistent. Production is basically limited to contracted volumes. European stocks are equally limited. Some deliveries are later than scheduled, but volumes are being received as previously contracted.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3000 - 2.5000

ACID: 2.4500 - 2.6000



Source: US Dept of Labor, BLS, Graph: DMN

## CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	01/17	01/18	01/19	01/22	01/23	01/24	01/25	01/26	01/29	01/30
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt.</b>										
JAN 01	9.75 (862) 30	9.71 (873) 75	9.82 (873) 6	9.82 (874) 3	9.80 (890) 26	9.80 (907) 18	9.80 (877) 37	9.87 (879) 2	9.87 (875) 3	9.87 (876) 34
FEB 01	10.12 (820) 52	10.12 (859) 100	10.18 (870) 29	10.13 (871) 73	10.05 (872) 33	9.86 (893) 41	9.93 (894) 3	9.95 (911) 17	9.95 (918) 12	9.95 (919) 2
MAR 01	10.21 (723) 67	10.16 (801) 99	10.30 (795) 34	10.35 (815) 72	10.15 (817) 9	10.35 (817) 28	10.24 (827) 41	10.25 (852) 72	10.26 (867) 36	10.24 (870) 31
APR 01	10.30 (700) 62	10.30 (735) 72	10.39 (761) 54	10.42 (783) 83	10.20 (802) 19	10.22 (804) 58	10.25 (792) 17	10.35 (800) 16	10.35 (813) 30	10.40 (815) 14
MAY 01	10.55 (747) 35	10.50 (790) 93	10.61 (809) 34	10.69 (832) 99	10.35 (847) 23	10.40 (863) 105	10.40 (861) 8	10.50 (864) 10	10.54 (875) 13	10.53 (884) 14
JUN 01	11.05 (748) 64	11.02 (825) 121	11.20 (841) 26	11.20 (849) 76	10.86 (854) 7	10.99 (847) 101	11.09 (848) 9	11.09 (855) 9	11.09 (867) 27	11.04 (869) 16
JUL 01	11.79 (649) 63	11.75 (733) 186	11.90 (749) 29	11.95 (807) 72	11.76 (824) 31	11.85 (829) 30	11.80 (835) 22	11.81 (848) 26	11.82 (862) 31	11.85 (870) 24
AUG 01	11.95 (653) 54	11.92 (718) 93	12.00 (752) 45	12.05 (790) 58	11.82 (797) 25	11.98 (801) 26	11.94 (820) 20	11.94 (825) 25	11.94 (836) 17	11.96 (848) 34
SEP 01	12.02 (590) 51	12.00 (649) 118	12.08 (665) 36	12.13 (704) 73	11.90 (719) 15	11.95 (729) 51	11.94 (736) 16	11.98 (735) 35	11.98 (752) 26	11.96 (754) 22
OCT 01	11.95 (531) 38	11.93 (621) 123	12.00 (642) 42	12.05 (686) 69	11.75 (686) 10	12.00 (686) 20	11.93 (692) 38	11.99 (694) 34	11.95 (706) 24	11.95 (724) 30
NOV 01	11.43 (363) 38	11.41 (437) 94	11.49 (449) 26	11.55 (499) 74	11.40 (503) 4	11.54 (506) 18	11.50 (526) 20	11.50 (529) 13	11.50 (543) 35	11.55 (545) 4
DEC 01	11.20 (212) 67	11.27 (278) 91	11.36 (298) 37	11.40 (330) 41	11.25 (333) 5	11.39 (341) 10	11.35 (372) 38	11.35 (386) 23	11.40 (401) 17	11.39 (403) 12
<b>CME - CLASS IV MILK FUTURES - Dollars per cwt.</b>										
JAN 01	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0	12.08 (224) 0
FEB 01	12.50 (221) 0	12.50 (221) 0	12.50 (221) 0	12.50 (222) 1	12.35 (222) 0	12.35 (229) 7	12.50 (229) 0	12.50 (229) 0	12.50 (229) 0	12.50 (229) 4
MAR 01	12.55 (178) 0	12.55 (178) 0	12.55 (178) 0	12.60 (180) 7	12.35 (180) 0	12.35 (196) 16	12.55 (196) 0	12.55 (212) 16	12.55 (212) 0	12.55 (228) 16
APR 01	12.75 (160) 9	12.85 (160) 0	12.85 (160) 0	12.85 (160) 2	12.80 (160) 0	12.80 (176) 22	12.60 (176) 0	12.60 (178) 15	12.55 (178) 0	12.55 (189) 11
MAY 01	12.80 (179) 5	12.85 (179) 0	12.85 (179) 0	12.85 (179) 0	12.85 (179) 0	12.85 (190) 15	12.65 (190) 1	12.65 (190) 6	12.69 (190) 0	12.69 (192) 2
JUN 01	12.78 (135) 5	12.90 (135) 0	12.90 (136) 1	13.00 (136) 1	12.90 (156) 27	12.80 (158) 6	12.75 (159) 1	12.75 (162) 8	12.80 (164) 2	12.90 (164) 1
JUL 01	12.90 (141) 10	12.90 (142) 3	13.10 (147) 5	13.00 (148) 1	13.05 (153) 5	12.90 (158) 5	12.85 (179) 21	13.00 (181) 5	13.00 (182) 1	13.00 (183) 1
AUG 01	13.00 (71) 4	13.03 (71) 0	13.03 (76) 5	13.00 (77) 1	13.05 (94) 20	12.90 (111) 17	13.05 (115) 4	13.05 (115) 3	13.05 (115) 0	13.05 (116) 1
SEP 01	13.00 (80) 0	13.02 (80) 0	13.02 (85) 5	13.00 (109) 24	12.97 (108) 5	12.95 (123) 15	13.05 (134) 17	13.10 (134) 3	13.10 (134) 0	13.10 (134) 1
OCT 01	13.00 (102) 0	13.03 (102) 0	13.03 (102) 5	13.00 (128) 26	12.97 (130) 2	12.91 (138) 10	13.05 (139) 7	13.10 (139) 0	13.10 (139) 0	13.10 (139) 1
NOV 01	13.00 (117) 0	13.03 (117) 0	13.03 (122) 5	13.00 (146) 24	12.97 (148) 2	12.90 (153) 10	13.05 (154) 7	13.10 (154) 0	13.10 (154) 0	13.10 (154) 1
<b>CME - BUTTER FUTURES -- Cents per pound</b>										
MAR 01	128.00 (98) 0	128.00 (98) 0	129.02 (98) 0	129.02 (97) 2	132.02 (94) 3	129.50 (96) 4	130.50 (97) 1	132.00 (100) 5	135.50 (103) 8	136.75 (111) 19
MAY 01	132.00 (25) 0	132.50 (25) 0	134.00 (25) 0	134.00 (26) 2	135.50 (26) 0	132.50 (28) 2	133.50 (29) 1	135.00 (29) 0	135.00 (29) 4	140.00 (30) 1
JUL 01	134.00 (40) 0	135.00 (40) 0	137.00 (40) 0	137.00 (41) 2	138.50 (41) 0	134.50 (42) 2	135.50 (43) 1	137.00 (43) 2	139.02 (43) 0	140.00 (42) 1
SEP 01	137.00 (38) 0	140.00 (38) 0	142.00 (38) 0	142.00 (38) 0	142.00 (38) 0	138.50 (39) 3	139.00 (39) 1	140.50 (39) 3	143.00 (39) 0	143.00 (39) 1
OCT 01	138.50 (3) 0	139.00 (3) 0	139.00 (3) 0	139.00 (3) 0	139.00 (3) 0	138.50 (5) 3	139.50 (5) 0	139.50 (5) 0	139.50 (5) 0	139.50 (5) 0
<b>NYBOT - MILK INDEX -- Dollars per cwt.</b>										
JAN 01	9.70 (3) 0	9.70 (3) 0	9.75 (3) 0	9.75 (3) 0	9.75 (3) 0	9.75 (3) 0	9.75 (3) 0	9.75 (3) 0	9.80 (3) 0	9.80 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 22 - February 2, 2001

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production throughout most areas of Europe continues to build seasonally. Many producers are now monitoring their annual milk volumes as the milk quota year end nears. Preliminary reports indicate that, for the most part, milk volumes will be within quota levels in most countries. The current BSE situation is impacting replacement heifer markets in some countries. It is reported that international buyers are not as eager to purchase European replacement animals, thus these animals are staying in Europe and subsequently entering milking herds, boosting milk volumes that were previously not anticipated. The BSE situation in Europe is receiving much news coverage. Although this is limited to meat, dairy producers and handlers are indicating that concern is surfacing about dairy products. As has been reported, there is no correlation to dairy products. Some international buyers remain cautious about purchasing European dairy products, but for the most part, the European manufactured dairy product industry is not being negatively impacted. International buying interest of dairy products is slow. Traders indicate that buyers are taking delivery of previously placed orders with no significant new sales developing. Stocks and current production are keeping these shipments on a timely basis. Much of first quarter's production has been fully committed with second quarter commitments not as heavy. Some traders are being told that buyers are holding off placing significant orders are securing commitments in hopes of lower prices as Europe's new milk production season develops.

**BUTTER/BUTTEROIL:** Butter markets are generally steady, although a weak tone continues. Stocks of butter are sufficient to meet internal needs with basically no international buyer interest being reported. Intervention is now open in Italy and Ireland with minimal amounts being offered in Ireland. By mid February, production of butter for PSA can start to occur. PSA opens on March 15 and butter can enter the storage program that is 4 weeks old.

82% BUTTERFAT: 1,250 - 1,300  
99% BUTTERFAT: 1,400 - 1,600

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady at basically unchanged prices. Prices for prompt or near term shipments are firm with second quarter quotes slightly lower. There appear to be stocks of powder available for immediate shipment, although traders feel that buyers are holding off placing orders until lower prices occur. European traders and handlers continue to monitor DEIP activity out of the United States. Since bonus awards resumed on January 16, nearly 19.5 thousand metric tons of skim milk powder will be clearing U.S. shores to destinations of Asia & Former Soviet Union; Caribbean, Central and South America; and Africa & Middle East. Shipment periods for recent awards range from immediate shipment through August.

1.25% BUTTERFAT: 2,100 - 2,200

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to firm. Stocks of powder are reported to be available for immediate shipment, although buyer interest is not overly aggressive. Current demand inactivity is not a major concern with producers and handlers. They feel that buyers are waiting for weaker prices before placing additional orders. Most market activity at this time is shipment of previously placed orders.

26% BUTTERFAT: 2,000 - 2,150

**SWEET WHEY POWDER:** Whey markets are generally steady. Prices are adjusting slightly lower within the range, although the overall tone remains firm. The recent tight supply of skim milk powder has encouraged animal feed buyers to look to whey markets for their needs. Stocks of powder are reported to be in balance for current needs. Buying interest is seasonally active.

NONHYGROSCOPIC: 550 - 675

**OVERVIEW: EASTERN EUROPE:** The dairy situation in Eastern Europe is much the same as in the past few months. Milk production is starting to build slowly, stocks remain limited, and overall buyer interest is slow. Producers and handlers are not overly optimistic about the upcoming season. Most are looking at what did not happen during the past two seasons and hope that this year does not follow the same trend.

## OCEANIA

**OVERVIEW:** Oceania milk production continues to follow trends of past weeks. In New Zealand, milk production is running about 4% heavier than last year. Milk production patterns are mixed within the country with southern production regions receiving less rainfall than more northern regions. In Australia, milk output is not as positive as previously projected. Hot/dry conditions in Australia have and continue to curtail milk output. Revised annual Australian milk volumes are more in line with New Zealand at this time. In both countries, annual milk output is not as strong as projected, thus stocks of manufactured dairy products are not as sufficient as previously anticipated. For the most part, all of the current season's production has been committed. Producers, handlers, and traders indicate that commitments will be filled with virtually nothing available for spot sale. They feel that stocks should be sufficient to meet needs, although shipments/deliveries might not be as timely as previously scheduled. The overall tone to Oceania markets remains firm with prices basically steady, although some slightly firmer prices are being noted for cheese.

**BUTTER:** Oceania butter markets remain steady to firm. Current milk production is limited to the point that milk is being directed toward manufacture of products of most need. Overall stocks of butter are in close balance. Usually, Oceania butter supplies surpass demand, although this season, stocks are basically fully committed and minimal volumes, if any, are available for spot sale.

82% BUTTERFAT: 1,300 - 1,350

**CHEDDAR CHEESE:** Cheese markets are firm with prices steady to slightly higher. Demand for cheese is quite strong. Regular/ongoing buyer interest continues to clear good volumes of current cheese. European cheese demand is equally active and, in instances, is not able to meet current needs, thus interest in Oceania produced cheese is building. Producers and handlers are indicating that stocks are not excessive, although some additional buyer interest is being filled.

39% MAXIMUM MOISTURE: 2,000 - 2,200

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady at firm prices. Oceania producers and handlers are aware of possibly weaker prices in Europe, although they do not foresee this trend developing in the region. Stocks of powder continue to be reported as fully committed and very limited for spot buyer interest. Traders indicate, that barring any significant negative impact on declining milk production for the balance of the season, stocks will be in close balance for committed needs. In some instances, producers and handlers state that possible delays in scheduled shipments might occur.

1.25% BUTTERFAT: 2,175 - 2,300

**WHOLE MILK POWDER (WMP):** Whole milk powder markets remain steady at firm prices. International buyer interest remains quite strong for whole milk powder. Stocks of available powder in the Oceania region are limited for new buyer interest with most stocks fully committed for the balance of the season. When possible, milk is being directed toward whole milk powder production.

26% BUTTERFAT: 2,000 - 2,150

Exchange rates for selected foreign currencies: JANUARY 29, 2001

.4165 Dutch Guilder	.4692 German Mark
.1399 French Franc	.4339 New Zealand Dollar
.1039 Mexican Peso	.5430 Australian Dollar
1.4592 British Pound	.0086 Japanese Yen
.2418 Polish Zloty	.9178 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1039)= 9.6246  
That is 1 US Dollar equals 9.6246 Mexican Pesos.

Source: "Wall Street Journal"



MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2001 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	2001	2000
	-----	-----	-----	-----	-----	Average	Average
	JAN 01 - 05	JAN 08 - 12	JAN 15 - 19	JAN 22 - 26	JAN 29 - 31	or Total	or Total
CHEESE							
MIDWEST COMMODITY CHeddar							
-- Cheddar Barrel s	:: 1.0900 - 1.1050	:: 1.0650 - 1.0750	:: 1.0650 - 1.0800	:: 1.0800 - 1.1000	:: 1.0925 - 1.1400	:: 1.0871	:: 1.1274
-- Cheddar 40# Blocks	:: 1.0900 - 1.1550	:: 1.0700 - 1.1200	:: 1.0675 - 1.0975	:: 1.0875 - 1.1175	:: 1.0900 - 1.1400	:: 1.1025	:: 1.1458
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.3175 - 1.4800	:: 1.2850 - 1.4800	:: 1.2850 - 1.5000	:: 1.3000 - 1.5000	:: 1.3125 - 1.5000	:: 1.3951	:: 1.4334
-- Brick And/Or Muenster 5#	:: 1.4700 - 1.7400	:: 1.4700 - 1.6850	:: 1.4300 - 1.6650	:: 1.4300 - 1.6825	:: 1.4300 - 1.7075	:: 1.5707	:: 1.5889
-- Cheddar 40# Block	:: 1.4700 - 2.1150	:: 1.4700 - 2.1150	:: 1.4300 - 2.1150	:: 1.4300 - 2.1150	:: 1.4300 - 2.1150	:: 1.7811	:: 1.8025
-- Monterey Jack 10#	:: 1.6700 - 2.1150	:: 1.6700 - 2.1150	:: 1.6400 - 2.1150	:: 1.6400 - 2.1150	:: 1.6400 - 2.1150	:: 1.8839	:: 1.8850
-- Blue 5#	:: 1.8850 - 2.0900	:: 1.8300 - 2.0900	:: 1.8100 - 2.0600	:: 1.8275 - 2.0600	:: 1.8525 - 2.0600	:: 1.9561	:: 1.9714
-- Mozzarella 5 - 6#	:: 1.4700 - 2.2150	:: 1.4700 - 2.2150	:: 1.4500 - 2.2150	:: 1.4500 - 2.2150	:: 1.4500 - 2.2150	:: 1.8368	:: 1.8825
-- Grade A Swiss Outs 6 - 9#	:: 2.0950 - 2.6850	:: 2.0950 - 2.6850	:: 2.0450 - 2.6850	:: 2.0450 - 2.6850	:: 2.0450 - 2.6850	:: 2.3757	:: 2.4400
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.1875 - 1.6575	:: 1.1325 - 1.6025	:: 1.1125 - 1.5825	:: 1.1300 - 1.6000	:: 1.1550 - 1.6250	:: 1.3768	:: 1.4029
-- Cheddar Single Dai sies	:: 1.1450 - 1.6050	:: 1.0900 - 1.5500	:: 1.0700 - 1.5300	:: 1.0875 - 1.5475	:: 1.1125 - 1.5725	:: 1.3293	:: 1.3679
-- Cheddar 40# Block	:: 1.2850 - 1.4650	:: 1.2300 - 1.4100	:: 1.2100 - 1.3900	:: 1.2275 - 1.4075	:: 1.2525 - 1.4325	:: 1.3293	:: 1.3716
-- Process 5# Loaf	:: 1.3300 - 1.5025	:: 1.2950 - 1.4675	:: 1.2750 - 1.4475	:: 1.2900 - 1.4625	:: 1.3025 - 1.4750	:: 1.3840	:: 1.4200
-- Process 5# Sliced	:: 1.3525 - 1.6050	:: 1.3150 - 1.5700	:: 1.2950 - 1.5500	:: 1.3100 - 1.5650	:: 1.3225 - 1.5775	:: 1.4455	:: 1.4825
-- Muenster	:: 1.3475 - 1.5550	:: 1.2925 - 1.5000	:: 1.2725 - 1.4800	:: 1.2900 - 1.4975	:: 1.3150 - 1.5225	:: 1.4055	:: 1.4916
-- Grade A Swiss Outs 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	:: 2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.2700 - 1.5300	:: 1.2375 - 1.4975	:: 1.2175 - 1.4775	:: 1.2325 - 1.4925	:: 1.2450 - 1.5050	:: 1.3698	:: 1.4125
-- Cheddar 40# Block	:: 1.2675 - 1.4075	:: 1.2125 - 1.3525	:: 1.1925 - 1.3325	:: 1.2100 - 1.3500	:: 1.2350 - 1.3750	:: 1.2918	:: 1.3329
-- Cheddar 10# Outs	:: 1.4475 - 1.6675	:: 1.3925 - 1.6125	:: 1.3725 - 1.5925	:: 1.3900 - 1.6100	:: 1.4150 - 1.6350	:: 1.5118	:: 1.5529
-- Monterey Jack 10#	:: 1.4575 - 1.6175	:: 1.4025 - 1.5625	:: 1.3825 - 1.5425	:: 1.4000 - 1.5600	:: 1.4250 - 1.5850	:: 1.4918	:: 1.5329
-- Grade A Swiss Outs 6 - 9#	:: 2.3000 - 2.5400	:: 2.3000 - 2.5400	:: 2.3000 - 2.5100	:: 2.3000 - 2.5100	:: 2.3000 - 2.5100	:: 2.4114	:: 2.3320
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b.	:: 1.3334 - 1.5594	:: 1.3039 - 1.5420	:: 1.4840 - 1.6572	:: 1.4896 - 1.6633	:: 1.5550 - 1.7493	:: 1.5248	:: 1.1471
-- Atlanta - dlv'd. equiv.	:: 1.3108 - 1.5594	:: 1.3039 - 1.5645	:: 1.4840 - 1.6572	:: 1.4896 - 1.6633	:: 1.5550 - 1.7623	:: 1.5263	:: 1.1351
-- Upper Midwest - f.o.b.	:: 1.4464 - 1.5820	:: 1.4966 - 1.5533	:: 1.5830 - 1.6943	:: 1.6012 - 1.6882	:: 1.7105 - 1.7623	:: 1.6033	:: 1.1746
PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)							
-- Northeast - f.o.b.	:: 1.0700 - 1.1500	:: 1.0700 - 1.1500	:: 1.0700 - 1.1500	:: 1.0700 - 1.1500	:: 1.0800 - 1.1500	:: 1.1107	:: 1.0700
SPOT PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)							
-- Northeast - f.o.b.	:: 0.7200 - 1.0100	:: 0.7200 - 1.0100	:: 0.7000 - 0.9000	:: 0.7000 - 0.9600	:: 0.7500 - 0.9600	:: 0.8429	:: 0.9263
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 26.5000	:: 27.9200

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2001 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	2001	2000
	JAN 01 - 05	JAN 08 - 12	JAN 15 - 19	JAN 22 - 26	JAN 29 - 31	Average or Total	Average or Total
<b>DRY PRODUCTS</b>							
<b>NONFAT DRY MILK</b>							
-- Central (f.o.b.)							
-- Low/Medium Heat	1.0100 - 1.0750	1.0100 - 1.0600	1.0100 - 1.0600	1.0100 - 1.0600	1.0100 - 1.0600	1.0364	1.0090
-- Mostly	1.0300 - 1.0350	1.0300 - 1.0350	1.0300 - 1.0350	1.0275 - 1.0325	1.0275 - 1.0325	1.0315	1.0168
-- West (f.o.b.)							
-- Low/Medium Heat	1.0000 - 1.0275	0.9950 - 1.0300	0.9950 - 1.0300	0.9950 - 1.0300	0.9950 - 1.0300	1.0127	1.0038
-- Mostly	1.0050 - 1.0150	1.0050 - 1.0150	1.0050 - 1.0150	1.0050 - 1.0150	1.0050 - 1.0150	1.0100	1.0050
-- High Heat	1.0400 - 1.0700	1.0400 - 1.0800	1.0400 - 1.0800	1.0400 - 1.0850	1.0400 - 1.0850	1.0600	1.0300
-- Northeast (f.o.b.)							
-- Low/Medium Heat	1.0300 - 1.0850	1.0300 - 1.0850	1.0300 - 1.0850	1.0300 - 1.0850	1.0325 - 1.0850	1.0577	1.0163
-- Mostly	1.0450 - 1.0700	1.0450 - 1.0700	1.0450 - 1.0700	1.0450 - 1.0700	1.0350 - 1.0600	1.0561	1.0098
-- High Heat	1.0600 - 1.1200	1.0600 - 1.1200	1.0600 - 1.1200	1.0600 - 1.1200	1.0625 - 1.1300	1.0909	1.0700
-- Mostly	1.0800 - 1.1000	1.0800 - 1.1000	1.0800 - 1.1000	1.0800 - 1.1000	1.0675 - 1.1000	1.0891	1.0500
-- Southeast (Delvd)							
-- Extra & Grade A	1.0550 - 1.1500	1.0550 - 1.1500	1.0550 - 1.1500	1.0550 - 1.1500	1.0550 - 1.1500	1.1025	1.0763
<b>WHEY POWDER (Nonhygroscopic)</b>							
-- Central (f.o.b.)	0.2625 - 0.2850	0.2650 - 0.2850	0.2650 - 0.2850	0.2500 - 0.2850	0.2500 - 0.2850	0.2719	0.1811
-- Mostly	0.2625 - 0.2675	0.2650 - 0.2750	0.2650 - 0.2750	0.2650 - 0.2750	0.2650 - 0.2750	0.2690	0.1799
-- West (f.o.b.)	0.2000 - 0.2650	0.2000 - 0.2700	0.2100 - 0.2600	0.2200 - 0.2700	0.2200 - 0.2700	0.2383	0.1911
-- Mostly	0.2050 - 0.2200	0.2125 - 0.2325	0.2200 - 0.2350	0.2275 - 0.2400	0.2300 - 0.2425	0.2262	0.1909
-- Northeast Extra Grade (f.o.b.)	0.2625 - 0.2725	0.2625 - 0.2750	0.2700 - 0.2800	0.2700 - 0.2800	0.2700 - 0.2800	0.2721	0.1794
-- Northeast Usph Grade A (f.o.b.)	0.2575 - 0.2725	0.2650 - 0.2800	0.2725 - 0.2850	0.2725 - 0.2850	0.2725 - 0.2850	0.2746	0.1964
-- Southeast Extra Grade (Delvd)	0.2925 - 0.3200	0.2925 - 0.3200	0.3000 - 0.3200	0.3000 - 0.3200	0.3000 - 0.3200	0.3084	0.2087
<b>WHEY PROTEIN CONCENTRATE</b>							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.7475 - 0.7800	0.7575 - 0.8075	0.7600 - 0.8075	0.7675 - 0.7850	0.7700 - 0.8000	0.7780	0.4371
-- Mostly	0.7475 - 0.7675	0.7575 - 0.7725	0.7625 - 0.7725	0.7675 - 0.7725	0.7700 - 0.7900	0.7674	0.4353
<b>ANIMAL FEED - WHEY</b>							
-- Central (f.o.b.)							
-- Milk Replacer	0.2100 - 0.2200	0.2000 - 0.2600	0.2000 - 0.2600	0.2000 - 0.2600	0.2000 - 0.2600	0.2271	0.1601
-- Roller Ground	0.2475 - 0.2725	0.2500 - 0.2750	0.2525 - 0.2800	0.2525 - 0.2800	0.2550 - 0.2800	0.2643	0.1769
-- Delactose	0.3950 - 0.4050	0.4000 - 0.4050	0.4100 - 0.4150	0.4100 - 0.4150	0.4150 - 0.4300	0.4092	0.2875
<b>BUTTERMILK (Min. 30% protein)</b>							
-- Central (f.o.b.)	1.0100 - 1.0700	0.9900 - 1.0700	0.9900 - 1.0700	0.9800 - 1.0700	0.9600 - 1.0700	1.0286	0.7318
-- West (f.o.b.)	0.9700 - 1.0300	0.9700 - 1.0300	0.9700 - 1.0300	0.9700 - 1.0300	0.9700 - 1.0300	1.0000	0.6750
-- Mostly	0.9800 - 0.9900	0.9800 - 0.9900	0.9800 - 0.9900	0.9800 - 0.9900	0.9800 - 0.9900	0.9850	0.6513
-- Northeast (f.o.b.)	0.9800 - 1.0000	0.9800 - 1.0000	0.9800 - 1.0000	0.9800 - 1.0000	0.9800 - 1.0000	0.9900	0.7724
-- Southeast (Delvd)	1.0100 - 1.1000	1.0100 - 1.1000	1.0100 - 1.1000	1.0100 - 1.1000	1.0100 - 1.1000	1.0550	0.7628
<b>WHOLE MILK POWDER</b>							
-- National							
-- National (f.o.b.)	1.2275 - 1.3500	1.3000 - 1.4400	1.2400 - 1.4400	1.2400 - 1.4400	1.2000 - 1.4400	1.3345	1.1513
<b>LACTOSE</b>							
-- Central And West (f.o.b.)	0.1550 - 0.2100	0.1500 - 0.2100	0.1500 - 0.2100	0.1500 - 0.2150	0.1550 - 0.2150	0.1818	0.2156
-- Mostly	0.1625 - 0.1725	0.1625 - 0.1725	0.1625 - 0.1725	0.1625 - 0.1725	0.1625 - 0.1725	0.1675	0.2000
<b>CASEIN - Edible - National (f.o.b.)</b>							
-- Nonrestricted - Rennet	2.3000 - 2.5000	2.3000 - 2.5000	2.3000 - 2.5000	2.3000 - 2.5000	2.3000 - 2.5000	2.4000	1.8855
-- Nonrestricted - Acid	2.4500 - 2.5500	2.4500 - 2.5500	2.4500 - 2.5500	2.4500 - 2.5500	2.4500 - 2.6000	2.5036	1.9513

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

## CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JANUARY 2001

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	2001 *	2000 *
	JAN 1 - 5	JAN 8 - 12	JAN 15 - 19	JAN 22 - 26	JAN 29 - 31	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	#	1.1725	#	1.3400	1.3400		
--Tuesday							
--Wednesday	1.1275	1.3000	1.2400	1.2600	1.3500		
--Thursday							
--Friday	1.1400	1.2375	1.2425	1.2875		1.2531	0.9090
--Weekly Average**	1.1338	1.2367	1.2413	1.2958			
CHEESE*							
-- BARRELS							
--Monday	#	1.0650	#	1.0900	1.1100		
--Tuesday	1.0900	1.0650	1.0700	1.0900	1.1200		
--Wednesday	1.0900	1.0650	1.0800	1.0900	1.1300		
--Thursday	1.0900	1.0650	1.0800	1.0900			
--Friday	1.0700	1.0650	1.0900	1.1000		1.0860	1.1101
--Weekly Average**	1.0850	1.0650	1.0800	1.0920			
-- 40# BLOCKS							
--Monday	#	1.0750	#	1.1100	1.1100		
--Tuesday	1.0900	1.0700	1.0700	1.1100	1.1000		
--Wednesday	1.1000	1.0700	1.0825	1.1100	1.0900		
--Thursday	1.0775	1.0700	1.0850	1.1100			
--Friday	1.0925	1.0675	1.1100	1.1150		1.0912	1.1285
--Weekly Average**	1.0900	1.0705	1.0869	1.1110			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	#	1.0300	#	1.0300	1.0300		
--Tuesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Wednesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Thursday	1.0300	1.0300	1.0300	1.0300			
--Friday	1.0300	1.0300	1.0300	1.0300		1.0300	1.0300
--Weekly Average**	1.0300	1.0300	1.0300	1.0300			
-- GRADE A							
--Monday	#	1.0300	#	1.0300	1.0300		
--Tuesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Wednesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Thursday	1.0300	1.0300	1.0300	1.0300			
--Friday	1.0300	1.0300	1.0300	1.0300		1.0300	1.0300
--Weekly Average**	1.0300	1.0300	1.0300	1.0300			

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

# No trading due to observance of holidays

**JANUARY 2001 DEIP BID ACCEPTANCES**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
<b>NONFAT DRY MILK</b>				
JULY-DECEMBER 2000		12,750		
01/17/01	ASIA & FSU	7,200	JAN-JUN	\$60
01/17/01	CARIBBEAN, CENT & S. AM	864	JAN-AUG	\$50
01/18/01	CARIBBEAN, CENT & S. AM	7,405	JAN-AUG	\$51
01/18/01	AFRICA & MIDDLE EAST	910	FEB-JUN	\$66
01/22/01	CARIBBEAN, CENT & S. AM	790	JAN-AUG	\$53.32
01/23/01	CARIBBEAN, CENT & S. AM	19	JAN-FEB	\$50
01/25/01	ASIA & FSU	25	FEB-APR	\$60
01/29/01	CARIBBEAN, CENT & S. AM	290	JAN-APR	\$75
01/30/01	ASIA & FSU	50	FEB-APR	\$75
01/31/01	ASIA & FSU	2,000	MAR-AUG	\$75
JANUARY 1 – 31, 2001		<u>19,553</u>		
<b>CHEESE</b>				
JULY – DECEMBER 2000		3,030*		
JANUARY 1 – 31, 2001		<u>0</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
<b>BUTTERFAT</b>				
JULY-DECEMBER 2000		0		
JANUARY 1 – 31, 2001		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
<b>TOTAL MT</b>				<b>PROGRAM TO DATE</b>
<b>TOTAL BONUS VALUE</b>				35,333
				\$6,832,500

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211.

Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

\* Program year allocations are filled

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
OCT 2000	169.1	2.4	161.9	-1.3	159.0	-2.3	163.8	-2.2	135.2	-6.0	156.8	5.1
NOV 2000	168.9	2.2	161.4	-1.9	156.7	-5.4	162.9	-1.7	133.8	-1.3	155.5	3.3
DEC 2000	170.0	2.8	161.5	-0.4	160.0	0.9	161.1	-2.5	147.2	12.4	156.6	4.5
<b>U.S. City Average Retail Prices</b>												
Month	Whole Milk <sup>4/</sup>		Lowfat Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Dollars											
OCTOBER	2.805	2.964	2.720	2.892	2.627	2.858	3.640	3.858	3.930	4.007	3.620	3.380
NOVEMBER	2.753	2.981	2.633	2.942	2.483	2.449	3.639	3.789	3.862	3.918	3.320	3.338
DECEMBER	2.785	2.876	2.662	2.833	2.799	2.272	3.693	3.850	3.763	3.845	3.660	3.404

NA = Not available. <sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The standard reference base period for these indexes is 1982 - 1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-SEPTEMBER -- NOVEMBER AND YEAR-TO-DATE 1999-2000 <sup>1/</sup>

Item	Sep.-Nov. 1999	Percent change <sup>4/</sup>	Sep.-Nov. 2000	Percent change <sup>4/</sup>	Jan.-Nov. 1999	Percent change <sup>4/</sup>	Jan.-Nov. 2000	Percent change <sup>4/</sup>
	Million Pounds							
<b>MILK</b>								
Production	39,523	4.1	40,340	2.1	148,864	3.4	154,111	3.2
Marketings	39,183	4.2	40,009	2.1	147,613	3.4	152,893	3.3
Beginning Commercial Stocks <sup>2/</sup>	8,263	33.6	9,446	14.3	5,274	7.9	6,135	16.3
Imports <sup>2/</sup>	1,274	-4.8	1,042	-18.2	4,342	4.1	4,094	-5.7
Total Supply <sup>3/</sup>	48,720	8.0	50,497	3.6	157,229	3.6	163,122	3.5
Ending Commercial Stocks <sup>2/</sup>	5,992	16.6	6,736	12.4	5,992	16.6	6,736	12.4
Net Removals <sup>2/</sup>	97	125.6	156	60.8	288	-16.5	792	175.0
Commercial Disappearance <sup>3/</sup>	42,631	6.7	43,605	2.3	150,949	3.2	155,594	2.8
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	363.6	18.3	382.1	5.1	1,184.3	7.5	1,210.5	1.9
American Cheese	945.6	13.0	958.3	1.3	3,279.2	7.5	3,358.1	2.1
Other Cheese	1,284.6	7.2	1,286.5	0.1	4,261.0	5.2	4,506.4	5.5
Nonfat Dry Milk	202.2	-7.9	203.6	0.7	746.1	-5.8	705.7	-5.6
Fluid Milk Products <sup>6/</sup>	14,118.4	-0.1	14,119.9	0.0	50,887.3	0.7	50,737.2	-0.6

NA = Not available.

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. <sup>2/</sup> Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. <sup>3/</sup> Totals may not add because of rounding. <sup>4/</sup> From year earlier on a daily average basis. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

## JANUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2001 was unchanged at 122. Compared with January 2000, the index was up 4 points (3.4 percent). The index of prices received by farmers for dairy products advanced 3 points during the month of January 2001 to 103. Compared with January 2000, the index was up 11 points (12.0 percent).

Prices received by farmers in January with changes from December were: for All Milk, \$13.50 per hundredweight (cwt.), up \$.40; for Fluid Grade Milk, \$13.50 per cwt., up \$.40; and for Manufacturing Grade Milk, \$10.90 per cwt., up \$.10.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JANUARY 2001 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	DECEMBER		JANUARY		JANUARY		JANUARY		JANUARY	
	2000	1999 2/	2001 4/	2000 2/	2001 4/	2000 2/	2001 7/	2000 8/	2001	2000
CA	12.39	11.35	12.30	11.00	1,480	1,480	37.50	35.50	98.00	79.00
ID	10.90	11.00	11.10	10.60	1,320	1,300	38.70	35.00	87.00	86.00
MI	13.20	12.60	14.10	12.30	1,200	1,290	37.00	36.00	59.00	77.00
MN	12.60	11.77	12.90	11.52	1,180	1,220	40.00	36.60	63.00	62.00
NY	14.40	12.50	14.30	12.80	1,250	1,200	---	---	106.00	116.00
OH	13.00	12.80	13.50	12.40	1,300	1,250	37.00	36.00	88.00	116.00
PA	14.70	13.50	16.50	13.20	1,370	1,320	39.60	37.30	108.00	138.00
TX	14.30	13.70	14.50	12.80	1,400	1,420	36.70	34.20	67.00	66.00
WA	13.10	13.00	13.40	11.70	1,290	1,280	---	---	105.00	97.00
WI	12.50	11.44	12.70	11.64	1,250	1,360	38.60	37.00	58.00	54.00
U.S.	13.10	12.20	13.50	12.00	1,320	1,330	38.40	35.90	84.90	71.80

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., JANUARY 2001 WITH COMPARISONS

ITEM	JANUARY 2000	DECEMBER 2000 2/	JANUARY 2001 3/
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test:			
All milk	12.00	13.10	13.50
Fluid grade milk	12.00	13.10	13.50
Manufacturing grade milk	10.70	10.80	10.90
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	91	98	96
Prices received by farmers for dairy products	92	100	103
Prices paid by farmers for commodities and services, interest taxes, and wage rates	118	122	122
Prices paid by farmers for production items	114	118	119
Prices paid by farmers for feed	98	106	109
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.07	3.05	3.16

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

**SOURCE:** "Agricultural Prices," Pr 1 (01/01), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 29 - FEBRUARY 2, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/00	LAST YEAR	01/19/01	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	-0-	-0-	-0-
Barrel	-0-	42,830	-42,830	3,875,086	-0-	-0-	-0-
Process	39,600	-0-	39,600	3,722,400	-0-	-0-	-0-
TOTAL	39,600	42,830	-3,230	10,647,569	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	12,668,411	477,278	12,191,133	157,044,886	94,797,438	385,782,000	-0-
Fortified	891,535	-0-	891,535	26,867,069	5,077,653	36,448,000	-0-
TOTAL	13,559,946	477,278	13,082,668	183,911,955	99,875,091	422,230,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

## MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JANUARY 29 - FEBRUARY 2, 2001 =	2.8	152.3	COMPARABLE WEEK IN 2000 =	2.8	148.9
CUMULATIVE SINCE OCTOBER 1, 2000 =	138.7	2,246.1	CUMULATIVE SAME PERIOD LAST YEAR =	22.0	1,162.5
CUMULATIVE JANUARY 1 - FEBRUARY 2, 2001 =	22.2	763.5	COMPARABLE CALENDAR YEAR 2000 =	10.8	569.4

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

## CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 29 - FEBRUARY 2, 2001 (POUNDS)

	BUTTER		CHEESE		NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS
MI DWEST	-0-	-0-	-0-	-0-	-0-	39,600
WEST	-0-	-0-	-0-	-0-	-42,830	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

## CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MI DWEST	-0-	-0-	5,718,240	-0-	2,417,401	3,830,217	38.4	3.8
WEST	-0-	-0-	4,889,729	-0-	181,494,554	95,956,690	61.3	96.1
EAST	-0-	-0-	39,600	-0-	-0-	88,184	0.3	-0-
TOTAL	-0-	-0-	10,647,569	-0-	183,911,955	99,875,091	100.0	100.0

## SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 16, 2001

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

## DOLLARS PER POUND

BUTTER: Bulk \$.6549; 1# Prints \$.6849

CHEESE: 40 & 60# Blocks \$1.1314; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process American 2# \$1.2239

NONFAT DRY MILK: Nonfortified \$1.0032; Fortified \$1.0132; Instant \$1.1607

## Dairy &amp; Total Cow Slaughter under Federal Inspection by Regions &amp; U.S., for Week Ending 01/13/01 &amp; Comparable Week 2000

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
											WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
2001-Dairy cows HD (000)	0.2	0.9	7.2	5.5	28.0	3.2	2.9	1.2	12.8	3.7	65.6	120.9
2000-Dairy cows HD (000)	0.2	1.0	7.4	5.6	23.0	2.9	1.1	0.9	11.3	3.3	56.8	114.5
2001-All cows HD (000)	0.3	0.9	9.6	16.7	38.6	15.6	22.6	5.7	15.4	8.6	134.0	242.1
2000-All cows HD (000)	0.2	1.2	10.3	14.1	30.8	15.6	16.0	5.5	13.9	7.8	115.5	231.2

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

## BASIC FORMULA PRICE (BFP) (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

## FEDERAL MILK ORDER CLASS PRICES FOR 2000-2001 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2001	FEB 2001
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13	13.99	11.94
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68	13.97	12.82	
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37	9.99	
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00	13.27	12.13	

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)